

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF NEW YORK

In re:

MARINA DEVELOPMENT, INC.,
Debtor.

Case No. 01-67451
Chapter 11 Case

In re:

FRANKLIN INDUSTRIAL COMPLEX, INC.,
Debtor.

Case No. 01-67459
Chapter 11 Case

In re:

CHRISTINE FALLS OF NEW YORK, INC.,
Debtor.

Case No. 01-67458
Chapter 11 Case

In re:

TRAFALGAR POWER, INC.,
Debtor.

Case No. 01-67457
Chapter 11 Case

In re:

PINE RUN OF VIRGINIA, INC.,
Debtor.

Case No. 01-67456
Chapter 11 Case

Jointly Administered

**STIPULATION EXTENDING DEBTORS' INTERIM
LIMITED USE OF CASH COLLATERAL**

Debtors Trafalgar Power, Inc. ("Trafalgar") and Christine Falls of New York, Inc. ("Christine Falls") (collectively, the "Debtors"), pursuant to 11 U.S.C. §§ 105, 361 and 363 and Rule 4001 of the Federal Rules of Bankruptcy Procedure, stipulate to: (i) the use of cash

D. On or about January 15, 1996, the Debtors entered into a Revised Aetna Loan Agreement which restructured the Original Aetna Loan by exchanging promissory notes evidencing the Original Aetna Loan for (a) a new promissory note denominated as the "A Note" in the amount of \$6,700,000.00 payable with interest at 9.75% (the "A Note") and (b) a new promissory note denominated as the "B Note" in the amount of \$15,800,000.00 payable with interest at 6.10% (the "B Note"). The A Note was paid in full prior to the filing of the petitions for relief in these cases. The B Note was acquired from Aetna by Algonquin Power, along with all its right, title and interest in the related loan and security agreements. The B Note is secured by a mortgage and various security agreements, including, *inter alia*, a Mortgage concerning the premises on which the seven hydroelectric power plants operate in New York State. Algonquin Power transferred possession of the B Note to Algonquin Holdings, who subsequently transferred the B Note and related loan and security agreements to Algonquin Power Income Fund.

E. Collectively, the Mortgage and personal property collateral described in the security agreements shall be referred to herein as the "Pre-Petition Collateral." The Pre-Petition Collateral includes certain Cash Collateral.

F. The B Note, and all other related agreements and documents issued pursuant thereto or in connection therewith are collectively referred to herein as the "Credit Documents." The Debtors' obligations to Algonquin Power Income Fund as of the Petition Date, as such obligations are more specifically described and defined in the Credit Documents, shall be referred to herein as the "Pre-Petition Debt." Any claims of Algonquin Power Systems, Inc., or obligations incurred by Algonquin Power Systems, Inc. on behalf of the Debtors, as of the Petition Date, shall be referred to herein as the "APS Claim."

G. On October 22, 2001, the North Carolina Bankruptcy Court issued an Order for the Debtors' Interim Limited Use of Cash Collateral and for Adequate Protection pursuant to which the Debtors were permitted to use cash collateral in the continuing operation of their hydroelectric power plant businesses. A copy of the October 22, 2001 Order is attached hereto as Exhibit "A". The October 22, 2001 Order extended the Debtors' authority to use cash collateral until October 25, 2001.

H. On December 13, 2001, the North Carolina Bankruptcy Court issued a second Order for the Debtors' Interim Limited Use of Cash Collateral and for Adequate Protection which extended the Debtor's authority to use cash collateral until February 28, 2001. A copy of the December 13, 2001 Order is attached hereto as Exhibit "B".

I. In addition to the foregoing, on November 28, 2001, the North Carolina Bankruptcy Court issued an Order Approving Settlement and Compromise (Concerning Ownership of \$7.6 Million Tort Judgment) (the "November 28, 2001 Order") pursuant to which the automatic stay was modified to permit the parties to return to the United States District Court for the Northern District of New York to seek the release of certain funds currently held in an escrow account at Morgan Stanley Dean Witter & Co., and totaling in excess of \$10,000,000.00 (the "Escrowed Funds"), into an escrow account established in these cases and maintained under the jurisdiction of the Bankruptcy Court. The parties are currently in the process of applying to the District Court to obtain the release of those funds.

J. The Debtors and Algonquin Power are in the process of negotiating the extent to which the escrowed funds may be available for the Debtors' use as cash collateral in the operation of their hydroelectric power plants. In the interim, Algonquin has indicated a willingness at this time to consent and agree to a third interim extension of the Debtors' authority to use cash collateral in these cases, subject to the terms and conditions of the

October 22, 2001 and December 13, 2001 Orders and a budget to be submitted to the Court and appended to this Stipulation at a latter date.

K. In exchange for Algonquin's consent and agreement to a third interim extension of the Debtors' authority to use cash collateral, the Debtors acknowledge the requirement that they continue to provide adequate protection to Algonquin herein.

L. The Debtors have requested immediate approval of this Stipulation pursuant to Rules 4001(b)(2) and (c)(2) of the Federal Rules of Bankruptcy Procedure. The permission herein to allow the Debtors to use cash collateral and provide adequate protection is necessary to avoid immediate and irreparable harm to the Debtors and to maximize the value of the Debtors' business and assets.

THEREFORE, IT IS HEREBY STIPULATED AND AGREED THAT:

1. **Use of Cash Collateral:** Effective as of February 28, 2002 and through and including March 28, 2002, the Debtors are hereby authorized to use Cash Collateral, on an interim basis, in accordance with the terms and conditions set forth in the October 22, 2001 and December 13, 2001 Orders attached hereto and to perform its obligations thereunder in accordance with, and subject to, the terms of those Orders, this Stipulation and the budget to be provided to the Court.

2. **Adequate Protection:** As adequate protection, in accordance with 11 U.S.C. §§ 361, 362 and 363, of Algonquin Power's interest in and to the Pre-Petition Collateral, Algonquin Power is hereby granted all interests previously granted to it and set forth in paragraph "3" of the October 22, 2001 and December 13, 2001 Orders.

3. **Use of Escrowed Funds:** Upon the issuance of an Order by the United States District Court for the Northern District of New York releasing the Escrowed Funds, the sum of \$150,000.00 shall be paid to Hancock & Estabrook, LLP, as attorneys for the Debtors, as its retainer in these cases. An addition sum of \$150,000.00 shall be paid to Algonquin Power Income Fund which shall constitute additional adequate protection in accordance with 11 U.S.C. §§ 361, 362 and 363. The balance of the Escrowed Funds shall be placed in an escrow account, managed and maintained by a third-party financial institution, and the use of said funds shall be subject to further Order of this Court.

4. **Application of Prior Orders:** Throughout the term of this Stipulation, the parties hereby agree that, unless modified by this Stipulation, the terms and conditions of the October 22, 2001 Order and December 13, 2001 Order shall apply and govern the Debtors' use of Cash Collateral and the granting of adequate protection to Algonquin Power herein.

5. **Expiration of Authority to Use Cash Collateral:** This Stipulation authorizing the Debtors to use Cash Collateral expires by its terms at 5:00 p.m. on March 28, 2002, after which time the Debtors may make no further use of Cash Collateral absent express written consent by Algonquin Power or further Order of this Court.

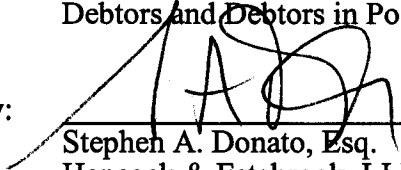
6. **Hearing on Debtors' Continued Use of Cash Collateral:** A hearing concerning the approval of the final Stipulation governing the Debtors' authority to use Cash Collateral and provide adequate protection shall be scheduled for March 28, 2002 in Binghamton, New York. Written notice of said hearing, and a copy of the proposed final cash collateral stipulation, shall be provided by the Debtors to counsel for Algonquin, the Office of the United States Trustee and the Debtors' 20 largest unsecured creditors.

7. **No Waiver of Rights:** Notwithstanding anything to the contrary herein, the entry of an Order approving this Stipulation with without prejudice to, and does not constitute a waiver of, expressly or implicitly, or otherwise, of the rights of either the Debtors or Algonquin Power to modify the terms of any prior Orders or agreements relating to the Debtors' use of Cash Collateral and granting of adequate protection in these cases.

Dated: February 27, 2002
Syracuse, New York

TRAFALGAR POWER, INC. and
CHRISTINE FALLS OF NEW YORK, INC.
Debtors and Debtors in Possession

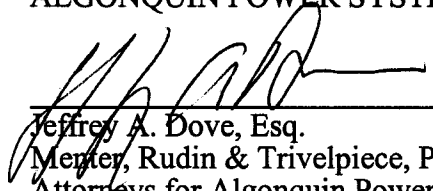
By:



Stephen A. Donato, Esq.
Hancock & Estabrook, LLP
Attorneys for the Debtors

ALGONQUIN POWER INCOME FUND
ALGONQUIN POWER SYSTEMS, INC.

By:



Jeffrey A. Dove, Esq.
Menter, Rudin & Trivelpiece, P.C.
Attorneys for Algonquin Power

Exhibit A

FILED

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NORTH CAROLINA
RALEIGH DIVISION**

OCT 22 2001

**PEGGY B. DEANS, CLERK
U.S. BANKRUPTCY COURT
EASTERN DISTRICT OF N.C.**

In re: MARINA DEVELOPMENT, INC.,
Debtor.

Case No: 01-02455-5-ATS

In re: FRANKLIN INDUSTRIAL COMPLEX, INC.,
Debtor.

Case No: 01-02454-5-ATS

In re: CHRISTINE FALLS OF NEW YORK, INC.,
Debtor.

Case No: 01-02453-5-ATS

In re: TRAFALGAR POWER, INC.,
Debtor.

Case No: 01-02452-5-ATS

In re: PINE RUN OF VIRGINIA, INC.,
Debtor.

Case No: 01-02451-5-ATS

**ORDER FOR THE DEBTOR'S INTERIM LIMITED
USE OF CASH COLLATERAL AND FOR ADEQUATE PROTECTION**

THIS CAUSE came before the undersigned United States Bankruptcy Judge upon the motion of the Debtors, Trafalgar Power, Inc. and Christine Falls of New York, Inc. (the "Debtors"), for expedited entry of an order authorizing the Debtors to use Cash Collateral and to provide Algonquin Power Income Fund and Algonquin Power Systems, Inc. adequate protection for the use of Cash Collateral and other collateral. As used herein, the term "Cash Collateral" shall have the meaning set forth in Section 363(a) of the Bankruptcy Code.

Background

A. The Debtors commenced this bankruptcy case by filing their voluntary petitions for relief under Chapter 11 of the Bankruptcy Code on August 27, 2001 (the "Petition Date"). The Debtors have continued to operate their businesses as a debtors-in-possession pursuant to Section 1107 and Section 1108 of the Bankruptcy Code.

B. Trafalgar Power, Inc. is a Delaware corporation which has its principal office in Apex, North Carolina. The Debtor owns six hydroelectric Power Projects located in Upstate New York.

C. Christine Falls of New York, Inc. is a New York corporation which has its principal office in Apex, North Carolina. Christine Falls of New York, Inc. owns one hydroelectric Power Project in Upstate New York.

Jurisdiction and Venue

D. This Court has jurisdiction over this matter and the parties in interest and properties and interests affected hereby pursuant to 28 U.S.C. §157(b) and §1334. This is a core proceeding under 28 U.S.C. §157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §1408 and §1409.

Pre-Petition Credit Documents

E. The Debtors entered into a Revised Aetna Loan Agreement on or about January 15, 1996, restructuring the Original Aetna Loan by exchanging promissory notes evidencing the Original Aetna Loan for (a) a new promissory note denominated as the "A Note" in the amount of \$6,700,000.00 payable with interest at 9.75% (the "A Note") and (b) a new promissory note denominated as the "B Note" in the amount of \$15,800,000.00 payable with interest at 6.10% (the

"B Note"). The "A Note" was paid in full prior to the filing of the petitions in these cases. The "B Note" was acquired from Aetna by Algonquin Power, along with all their right, title and interest in the related loan and security agreements. The "B Note" is secured by a mortgage and various security agreements, including, inter alia, a Mortgage concerning the premises on which the seven hydroelectric power plants operate in Upstate, New York. Algonquin Power transferred possession of the "B Note" to Algonquin Holdings who subsequently transferred the "B Note" and related loan and security agreements to Algonquin Power Income Fund.

F. Collectively, the Mortgage, and personal property collateral described in the security agreements shall be referred to herein as the "Pre-Petition Collateral." The Pre-Petition Collateral includes certain Cash Collateral.

G. The "B Note", and all other related agreements and documents issued pursuant thereto or in connection therewith are collectively referred to herein as the "Credit Documents." The Debtors' obligations to Algonquin Power Income Fund as of the Petition Date, as such obligations are more specifically described and defined in the Credit Documents, shall be referred to herein as the "Pre-Petition Debt." Any claims of Algonquin Power Systems Inc., or obligations incurred by Algonquin Power Systems, Inc. on behalf of the Debtors, as of the Petition Date, shall be referred to herein as the "APS Claim."

H. The Debtors have requested Court approval for their use of Cash Collateral in order to continue their business operations and to maintain their going concern status. Debtors rely on the granting of a replacement lien, plus the maintenance of insurance, the continued protection of collateral, and the operation of the New York Projects by Algonquin Power Systems, Inc., the secured creditors' affiliate, which shall exercise its management duties as a fiduciary to the

bankruptcy estates, to provide adequate protection to Algonquin Power Income Fund and contingently to Algonquin Power Systems, Inc., regarding Debtors' use of Cash Collateral.

I. An immediate need exists for the Debtors to use Cash Collateral in order to enable the Debtors to minimize disruption to and avoid the termination of their business operations. Entry of this Order will also enhance the possibility of a successful reorganization.

J. Under the circumstances of the case, and for good cause shown, the terms and conditions of this Order are fair and reasonable, and the entry of this Order is in the best interests of the Debtors' estate and its creditors.

K. The notice provided by the Debtors of the Motion and the hearing on the Motion and this Order satisfy the requirements of Rule 4001 of the Federal Rules of Bankruptcy Procedure and were otherwise sufficient and appropriate under the circumstances. Upon entry of this Order, the interests of Algonquin Power Income Fund in the Pre-Petition Collateral will be adequately protected.

WHEREFORE, IT IS ORDERED THAT:

1. The Debtors are authorized to use Cash Collateral through 5:00 PM on October 25, 2001, on the following basis: (a) solely in accordance with and pursuant to the terms and provisions of this Order; (b) only to the extent required to pay those expenses enumerated in the Budgets attached hereto as Exhibit A; provided however, that the Debtors, through Algonquin Power Systems, Inc., as a fiduciary, shall be authorized to pay expenses in excess of those enumerated in the Budgets to the extent of a ten percent line item variance, or ten percent monthly total variance, (c) the Budgets are expense budgets and are not intended to require strict performance compliance

with any revenue/sales projections provided for illustrative purposes, and (d) no pre-petition debts of any kind shall be paid without prior specific Court Order, after notice and hearing.

2. Algonquin Power Systems, Inc., as a fiduciary, shall deposit all proceeds of the Pre-Petition Collateral and the Post-Petition Collateral, including the proceeds of receivables collected after the filing of the Petitions, into separate accounts established for each Debtor in an FDIC insured institution located in the United States (the "Cash Collateral Account"). Algonquin Power Income Funds's liens and security interests and those asserted by Algonquin Power Systems, Inc. shall continue in full force and effect on such funds in the Cash Collateral Account. The liens and security interests asserted by Algonquin Power Systems, Inc. shall be deemed contingent until determined by Court Order.

3. To adequately protect Algonquin Power Income Fund, and to the extent it is determined that Algonquin Power Systems, Inc. holds a valid lien or security interest, Algonquin Power Systems, Inc., in connection with the Debtors' use of Cash Collateral and any other property upon which the Debtors previously granted Algonquin Power Income Fund security interests and liens, or in which Algonquin Power Systems, Inc. is determined to have such an interest, the Debtors hereby grant, assign and pledge to Algonquin Power Income Fund and Algonquin Power Systems, Inc. a post-petition replacement security interest and lien (of the same validity, extent and priority as Algonquin Power Income Fund's and Algonquin Power System, Inc.'s respective pre-petition security interests or liens in the Pre-Petition Collateral in and to: (a) the Pre-Petition Collateral; (b) all proceeds from the disposition of any of the Pre-Petition Collateral, including Cash Collateral; (c) any assets or properties of the same type and description as the Pre-Petition Collateral generated or acquired by the Debtors after the Petition Date ((a), (b) and (c) above being referred to herein as

the "Post-Petition Collateral"), and (d) all proceeds of the Post-Petition Collateral. The liens and security interests granted to Algonquin Power Income Fund and contingently to Algonquin Power Systems, Inc. hereunder in the Post-Petition Collateral shall be granted as security for payment of the Pre-Petition Debt and APS Claim, respectively. Subject to the foregoing, the security interests and liens granted hereby shall be valid, perfected and enforceable security interests and liens on the property of the Debtors' estate without further filing or recording of any document or instrument or any other actions.

4. Algonquin Power Systems, Inc., as a fiduciary, use its best efforts to shall maintain insurance presently in place on the Pre-Petition Collateral and Post-Petition Collateral in the same amount, and of the kind, required in the Credit Documents and previously maintained by them prepetition, with Algonquin Power Income Fund reflected on such insurance policy/policies as additional insured or loss payee. Algonquin Power Systems, Inc., as a fiduciary, shall also properly preserve and maintain the Pre-Petition Collateral and Post-Petition Collateral in the ordinary course of its business.

5. Concurrently with any filing by the Debtors with the Court or service by the Debtors upon other parties, the Debtors shall provide to Algonquin Power Income Fund, by service on its counsel of record in the case, copies of any monthly reports, status reports, or financial information of any kind or nature, so filed or served, as well as copies of any motions, pleadings and other requests or objections filed by the Debtors.

6. Nothing herein shall be deemed to be a waiver by Algonquin Power Income Fund or Algonquin Power Systems, Inc. of their right to request additional or further adequate protection of their interests in property of the Debtors' estates (including the right to request periodic cash

payments to protect them against the depreciation, or other diminution in value, of their collateral), to move for relief from the automatic stay, or to request any other relief in this case, nor shall any provision herein be deemed to constitute a waiver of the Debtors' rights to oppose such additional or further protection or relief on any basis.

7. If any or all of the provisions of this Order are hereafter modified, vacated or stayed by subsequent order of this Court or any other court, such stay, modification or vacation shall not affect the validity or enforceability of any security interests, lien or priority authorized or created hereby prior to the effective date of such modification, stay, vacation or final order. The validity and enforceability of all security interests, liens and priorities authorized or created hereby shall survive the conversion of any case to a case under Chapter 7 of the Bankruptcy Code and the dismissal of this case, if any. The provisions of this Order shall be binding upon and inure to the benefit of Algonquin Power Income Fund, Algonquin Power Systems, Inc., the Debtors, and their respective successors and assigns. This Order shall bind any trustee hereafter appointed for the estates of the Debtors, whether in the Chapter 11 case or in the event of conversion of any Chapter 11 case to a liquidation under Chapter 7 of the Bankruptcy Code. Nothing herein shall be deemed to impair or restrict Debtors' ability to formulate and propose a Plan of Reorganization. Debtors fully reserve the right to contest the validity, perfection and enforceability of the secured claim of Algonquin Power Income Fund and Algonquin Power Systems, Inc.

8. The requirements of the Bankruptcy Rules, including without limitation Bankruptcy Rule 4001(d), have been satisfied for the Debtors' use of Cash Collateral and for the grant of adequate protection to Algonquin Power Income Fund and Algonquin Power Systems, Inc. on the interim, limited basis set forth in this Order.

9. The terms, conditions and limitations of this Order are reasonably tailored to protect the interests of all creditors of the estate notwithstanding the expedited entry of this Order after limited notice and opportunity for hearing.

10. This Order authorizing the use of Cash Collateral expires by its terms at 5:00 p.m. on October 25, 2002, after which time the Debtors may make no further use of Cash Collateral absent express written consent by Algonquin Power Income Fund or further order of this Court.

11. Algonquin Power Income Fund is hereby ordered to turnover to Algonquin Power Systems, Inc., as a fiduciary on behalf of the Debtors, on an immediate basis by wire transfer, all funds held or received by Algonquin Power Income Fund post-petition, including all funds coming under its control as of or after the August 27, 2001 Petition Date, that constitute Property of the Estates within the purview of 11 U.S.C. Section 541. Such funds shall be used by Debtors in accordance with this Order, with all disbursements from such account being made by Algonquin Power Systems, Inc., as a fiduciary.

12. Pursuant to Federal Rule of Bankruptcy Procedure 4001(d), counsel for the Debtors shall serve upon Algonquin Power Income Fund, the United States Bankruptcy Administrator, and Debtors' twenty (20) largest unsecured creditors a copy of this Order. The Debtors' counsel shall file a certificate of such service with respect thereto. Any party-in-interest who objects to the terms and conditions of this Order must file such objections in writing and serve a copy thereof upon Debtors' counsel: Gregory B. Crampton, Nicholls & Crampton, P.A., Post Office Box 18237, Raleigh, North Carolina 27619, within ten (10) days of service of this Order. Any such objections will be heard at the continued hearing on Debtor's Motion, which hearing is hereby set on

October 25, 2001 at 1:00 PM in the United States Bankruptcy Court, 300 Fayetteville Street

Mall, Second Floor, Raleigh, North Carolina 27602.

OCT 22 2001

Dated: _____



A. Thomas Small
United States Bankruptcy Judge

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Exhibit

2001 Operating Budget-Trafalgar Power
Sike Adams

Project	Sept	Oct
Plant Costs		
Insurance		
Real Estate Taxes		2,841
Lease Payment-Cranberry Lake		
Bond Payments-Ogdensburg		
Royalty Payment		
City of Ogdensburg loan		
FERC Annual Fees		
Hydro Income Tax		
Preventative Maintenance	2,000	2,000
Consumables	100	100
Utilities	300	300
Contingency/Repairs	500	500
Total Operating Costs	2,900	5,741
Salaries (Operators/Supervisors/Maintenance)	800	800
Administrative Costs		
Management Fee		
Mercer Cost		
Net Management Fee		
Bookkeeping/Accounting/Payroll		
Safety/LOTO/Operations Training		
Environmental Monitoring/Compliance/Reporting		
Trade Memberships		
Telephone/Postage/Communications/Office Supplies		
Travel/Meals/Vehicle Costs		
Audit Costs		
General Accounting Costs		
Legal Expenses		
Contingency/Legal Costs		
Trustee Fee		
Total Administrative Expenses	0	0
Owner Supervision		
Original Trafalgar Supervision (Mercer)		
Additional Owner Supervision (Mercer)		
Total Owner Supervision	0	0
Total Expenses	3,700	6,541

2001 Operating Budget - Trafalgar Power
Site: Chittilac

Project	Sept	Oct
Plant Costs		
Insurance		
Real Estate Taxes		5,649
Lease Payment - Cranberry Lake		
Bond Payments - Ogdenburg		
Royalty Payment		
City of Ogdenburg		
FERC Annual Fees		
Hydro Income Tax		
Preventative Maintenance	2,000	2,000
Consumables	400	400
Utilities	300	300
Contingency/Repairs	3,000	3,000
Total Operating Costs	5,700	11,349
Salaries (Operators/Supervisors/Maintenance)	1,300	1,300
Administrative Costs		
Management Fee		
Mercer Cost		
Net Management Fee		
Bookkeeping/Accounting/Payroll		
Safety/LOTO/Operations Training		
Environmental Monitoring/Compliance/Reporting		
Trade Memberships		
Telephone/Postage/Communications/Office Supplies		
Travel/Mileage/Vehicle Costs		
Audit Costs		
General Accounting Costs		
Legal Expenses		
Contingency/Legal Costs		
Trustee Fee		
Total Administrative Expenses	0	0
Owner Supervision		
Original Trafalgar Supervisor (Mercer)		
Additional Owner Supervision (Mercer)		
Total Owner Supervision	0	0
Total Expenses	7,000	12,649

2001 Operating Budget-Trafalgar Power
Site: Cranberry

Project	Sept	Oct
Plant Costs		
Insurance		
Real Estate Taxes		
Lease Payments-Cranberry Lake	3,359	7,808
Bond Payments-Ogdensburg		
Royalty Payment		
City of Ogdensburg loan		
FERC Aenus Fees		
Hydro Income Tax		
Preventative Maintenance		
Consumables	500	500
Utilities	300	300
Contingency Repairs	300	300
Total Operating Costs	8,000	8,000
	12,459	18,908
Salaries (Operators/Supervisors/Maintenance)		
	1,600	1,600
Administrative Costs		
Management Fee		
Mercer Cost		
Net Management Fee		
Bookkeeping/Accounting Payroll		
Safety/LOTO Operations Training		
Environmental Monitoring/Compliance/Reporting		
Trade Memberships		
Telephone/Postage/Communications/Offices/Supplies		
Travel/Media/Vehicle Costs		
Audit Costs		
General/Accounting Costs		
Legal Expenses		
Contingency Legal Costs		
Trustee Fee		
Total Administrative Expenses	0	0
Owner Supervision		
Original Trafalgar Supervision (Mercer)		
Additional Owner Supervision (Mercer)		
Total Owner Supervision	0	0
Total Expenses	14,059	18,908

2001 Operating Budget-Trafalgar Power
Site: Forestport

Project	Sept	Oct
Plant Costs		
Insurance		
Real Estate Taxes		88,200
Lease Payment-Cranberry Lake		
Bond Payments-Ogdensburg		
Royalty Payment		
Chydro Ogdensburg loan		
FERC Annual Fees	5,932	
Hydro Income Tax	2,000	2,000
Preventative Maintenance	400	400
Consumables	1,000	1,000
Utilities	3,000	3,000
Contingency/Repairs		
Total Operating Costs	12,332	94,600
Salaries (Operators/Supervisors/Maintenance)	3,300	3,300
Administrative Costs		
Management Fee		
Mercer Cost		
Net Management Fee		
Bookkeeping/Accounting/Payroll		
Safety/OT/Operations Training		
Environmental Monitoring/Compliance/Reporting		
Trade Memberships		
Telephone/Postage/Communications/Office Supplies		
Travel/Meals/Vehicle Costs		
Audit Costs		
General Accounting Costs		
Legal Expenses	1,080	
Contingency/Legal Costs		
Trustee Fee		
Total Administrative Expenses	1,080	0
Owner Supervision		
Original Trafalgar Supervision (Mercer)		
Additional Owner Supervision (Mercer)		
Total Owner Supervision	0	0
Total Expenses	16,713	97,900

2001 Operating Budget - Traina/Ingr Power
Site: Harkerline

Project	Sept	Oct
Plant Costs		
Insurance		
Real Estate Taxes	900	9,735
Lease Payment - Cranberry Lake		
Bond Payments - Ogdenburg		
Royalty Payment		
City of Ogdenburg loan		
FERC Annual Fees	6,545	
Hydro Income Tax	100	100
Preventative Maintenance	600	600
Consumables	450	450
Utilities		
Contingency/Repairs	48,000	48,000
Total Operating Costs	56,595	58,885
Salaries (Operators/Supervisors/Maintenance)	5,100	5,100
Administrative Costs		
Management Fee		
Mercer Cost		
Natl Management Fee		
Bookkeeping/Accounting/Payroll		
Salary/LTO/Operations Training		
Environmental Monitoring/Compliance/Reporting		
Trade Memberships		
Telephone/Postage/Communications/Offices/Supplies		
Travel/Meals/Vehicle Costs		
Audit Costs		
General Accounting Costs		
Legal Expenses		
Contingency/Legal Costs		
Trustee Fee		
Total Administrative Expenses	0	0
Owner Supervision		
Original Traina/Ingr Supervision (Mercer)		
Additional Owner Supervision (Mercer)		
Total Owner Supervision	0	0
Total Expenses	61,695	63,985

2001 Operating Budget-Trafalgar Power
Site: Kayala

Project	Sept	Oct
Plant Costs		
Insurance		
Real Estate Taxes		18,695
Lease Payment-Cranberry Lake		
Bond Payments-Ogdensburg		
Royalty Payment		
City of Ogdensburg		
FERC Annual Fees		
Hydro Income Tax		
Preventative Maintenance		
Consumables	2,000	2,000
Utilities	100	100
Contingency/Repairs	200	200
Total Operating Costs	1,400	1,400
	3,700	22,395
Salaries (Operators/Supervisors/Maintenance)	300	300
Administrative Costs		
Management Fee		
Mercer Cost		
Net Management Fee		
Bookkeeping/Accounting/Payroll		
Safety/LOTO/Operations Training		
Environmental Monitoring/Compliance/Reporting		
Trade Memberships		
Telephone/Postage/Communications/Office Supplies		
Travel/Meals/Vehicle Costs		
Audit Costs		
General Accounting Costs		
Legal Expenses		
Contingency/Legal Costs		
Trustee Fee		
Total Administrative Expenses	0	0
Owner Supervision		
Original Trafalgar Supervision (Mercer)		
Additional Owner Supervision (Mercer)		
Total Owner Supervision	0	0
Total Expenses	4,000	22,695

2001 Operating Budget - Trafalgar Power
Site: Ogdensburg

Project	Sept	Oct
Plant Costs		
Insurance		22,856
Real Estate Taxes		
Lease Payments - Cranberry Lake		
Bond Payments - Ogdensburg	10,880	
Royalty Payment	25,000	
City of Ogdensburg loan	33,722	
FERC Annual Fees	8,789	
Hydro Income Tax		
Preventative Maintenance	100	100
Consumables	1,200	1,200
Utilities	1,500	1,500
Contingency/Repairs	3,000	3,000
Total Operating Costs	84,191	28,756
Salaries (Operators/Supervisors/Maintenance)	4,400	4,400
Administrative Costs		
Management Fee		
Mercer Cost		
Net Management Fee		
Bookkeeping/Accounting Payroll		
Safety/OTO Operations Training		
Environmental Monitoring/Compliance/Reporting		
Trade Memberships		
Telephone/Postage/Communications/Offices/Supplies		
Travel Meals/Vehicle Costs		
Audit Costs		
General Accounting Costs		
Legal Expenses		
Contingency Legal Costs		
Trustee Fee		
Total Administrative Expenses		
Owner Supervision		
Original Trafalgar Supervision (Mercer)		
Additional Owner Supervision (Mercer)		
Total Owner Supervision		
Total Expenses		

2001 Operating Budget - Trafalgar Power
 Sinc: Consolidated

Project	Sept	Oct
Plant Costs		
Insurance	0	0
Real Estate Taxes	4,259	155,864
Lease Payment-Cranberry Lake	0	0
Bond Payments-Ogdensburg	10,880	0
Royalty Payment-Ogdensburg	25,000	0
City of Ogdensburg loan	33,722	0
FERC Annual Fees	21,265	0
Hydro Income Tax	0	0
Preventative Maintenance	8,700	8,700
Consumables	3,100	3,100
Utilities	4,050	4,050
Contingency/Repairs	66,900	66,900
Total Operating Costs	177,876	238,634
Salaries (Operators/Supervisors/Maintenance)	23,500	23,500
Administrative Costs	12,500	12,500
Management Fee	-6,500	-5,032
Mercer Cost (Paid by APS)	6,000	7,468
Net Management Fee	3,600	3,600
Bookkeeping/Accounting/Payroll	2,300	2,300
Safety/LOTO/Operations Training	1,500	1,500
Environmental Monitoring/Compliance/Reporting	486	486
Trade Memberships	1,390	1,390
Telephone/Postage/Communications/Office Supplies	1,500	1,500
Travel/Mileage/Vehicle Costs	0	0
Audit Costs	400	0
General Accounting Costs	1,080	0
Legal Expenses	0	0
Contingency/Legal Costs	0	0
Trustee Fee	0	0
Total Administrative Expenses	18,256	18,244
Owner Supervision	1,000	1,000
Original Trafalgar Supervisor (Mercer)	6,500	6,500
Additional Owner Supervisor (Mercer)	7,500	7,500
Total Owner Supervision	227,133	287,877
Total Expenses		

Note (1): Three bi-weekly payroll in this month

Exhibit B

FILED

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NORTH CAROLINA
RALEIGH DIVISION**

DEC 13 2001

PEGGY B. DEANS, CLERK
U.S. BANKRUPTCY COURT
EASTERN DISTRICT OF N.C.

In re: MARINA DEVELOPMENT, INC.,
Debtor.

Case No: 01-02455-5-ATS

In re: FRANKLIN INDUSTRIAL COMPLEX, INC.,
Debtor.

Case No: 01-02454-5-ATS

In re: CHRISTINE FALLS OF NEW YORK, INC.,
Debtor.

Case No: 01-02453-5-ATS

In re: TRAFALGAR POWER, INC. ,
Debtor.

Case No: 01-02452-5-ATS

In re: PINE RUN OF VIRGINIA, INC. ,
Debtor.

Case No: 01-02451-5-ATS

**ORDER FOR THE DEBTORS' INTERIM LIMITED
USE OF CASH COLLATERAL AND FOR ADEQUATE PROTECTION**

THIS CAUSE came before the undersigned United States Bankruptcy Judge upon the motion of the Debtors, Trafalgar Power, Inc. and Christine Falls of New York, Inc. (the "Debtors"), for an order authorizing the Debtors to use Cash Collateral and to provide Algonquin Power Income Fund and Algonquin Power Systems, Inc. adequate protection for the use of Cash Collateral and other collateral. As used herein, the term "Cash Collateral" shall have the meaning set forth in Section 363(a) of the Bankruptcy Code.

Background

A. The Debtors commenced this bankruptcy case by filing their voluntary petitions for relief under Chapter 11 of the Bankruptcy Code on August 27, 2001 (the "Petition Date"). The Debtors have continued to operate their businesses as a debtors-in-possession pursuant to Section 1107 and Section 1108 of the Bankruptcy Code.

B. Trafalgar Power, Inc. is a Delaware corporation which has its principal office in Apex, North Carolina. The Debtor owns six hydroelectric Power Projects located in Upstate New York

C. Christine Falls of New York, Inc. is a New York corporation which has its principal office in Apex, North Carolina. Christine Falls of New York, Inc. owns one hydroelectric Power Project in Upstate New York.

Jurisdiction and Venue

D. This Court has jurisdiction over this matter and the parties in interest and properties and interests affected hereby pursuant to 28 U.S.C. §157(b) and §1334. This is a core proceeding under 28 U.S.C. §157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §1408 and §1409.

Pre-Petition Credit Documents

E. The Debtors entered into a Revised Aetna Loan Agreement on or about January 15, 1996, restructuring the Original Aetna Loan by exchanging promissory notes evidencing the Original Aetna Loan for (a) a new promissory note denominated as the "A Note" in the amount of \$6,700,000.00 payable with interest at 9.75% (the "A Note") and (b) a new promissory note denominated as the "B Note" in the amount of \$15,800,000.00 payable with interest at 6.10% (the

“B Note”). The “A Note” was paid in full prior to the filing of the petitions in these cases. The “B Note” was acquired from Aetna by Algonquin Power, along with all their right, title and interest in the related loan and security agreements. The “B Note” is secured by a mortgage and various security agreements, including, inter alia, a Mortgage concerning the premises on which the seven hydroelectric power plants operate in Upstate, New York. Algonquin Power transferred possession of the “B Note” to Algonquin Holdings who subsequently transferred the “B Note” and related loan and security agreements to Algonquin Power Income Fund.

F. Collectively, the Mortgage, and personal property collateral described in the security agreements shall be referred to herein as the “Pre-Petition Collateral.” The Pre-Petition Collateral includes certain Cash Collateral.

G. The “B Note”, and all other related agreements and documents issued pursuant thereto or in connection therewith are collectively referred to herein as the “Credit Documents.” The Debtors’ obligations to Algonquin Power Income Fund as of the Petition Date, as such obligations are more specifically described and defined in the Credit Documents, shall be referred to herein as the “Pre-Petition Debt.” Any claims of Algonquin Power Systems Inc., or obligations incurred by Algonquin Power Systems, Inc. on behalf of the Debtors, as of the Petition Date, shall be referred to herein as the “APS Claim.”

H. The Debtors have requested Court approval for their use of Cash Collateral in order to continue their business operations and to maintain their going concern status. Debtors rely on the granting of a replacement lien, plus the maintenance of insurance, the continued protection of collateral, and the operation of the New York Projects by Algonquin Power Systems, Inc., the secured creditors’ affiliate, which shall exercise its management duties as a fiduciary to the

bankruptcy estates, to provide adequate protection to Algonquin Power Income Fund and contingently to Algonquin Power Systems, Inc., regarding Debtors' use of Cash Collateral.

I. The Debtors need to use Cash Collateral in order to enable the Debtors to minimize disruption to and avoid the termination of their business operations. Entry of this Order will also enhance the possibility of a successful reorganization.

J. Under the circumstances of the case, and for good cause shown, the terms and conditions of this Order are fair and reasonable, and the entry of this Order is in the best interests of the Debtors' estate and its creditors.

K. The notice provided by the Debtors of the Motion and the hearing on the Motion and this Order satisfy the requirements of Rule 4001 of the Federal Rules of Bankruptcy Procedure and were otherwise sufficient and appropriate under the circumstances. Upon entry of this Order, the interests of Algonquin Power Income Fund in the Pre-Petition Collateral will be adequately protected.

WHEREFORE, IT IS ORDERED THAT:

1. The Debtors are authorized to use Cash Collateral through 5:00 PM on February 28, 2002, on the following basis: (a) solely in accordance with and pursuant to the terms and provisions of this Order; (b) only to the extent required to pay those expenses enumerated in the Budgets attached hereto as Exhibit A; provided however, that the Debtors, through Algonquin Power Systems, Inc., as a fiduciary, shall be authorized to pay expenses in excess of those enumerated in the Budgets to the extent of a ten percent line item variance, or ten percent monthly total variance, (c) the Budgets are expense budgets and are not intended to require strict performance compliance

with any revenue/sales projections provided for illustrative purposes, and (d) no pre-petition debts of any kind shall be paid without prior specific Court Order, after notice and hearing.

2. Algonquin Power Systems, Inc., as a fiduciary, shall deposit all proceeds of the Pre-Petition Collateral and the Post-Petition Collateral, including the proceeds of receivables collected after the filing of the Petitions, into separate accounts established for each Debtor in an FDIC insured institution located in the United States (the "Cash Collateral Account"). Algonquin Power Income Funds's liens and security interests and those asserted by Algonquin Power Systems, Inc. shall continue in full force and effect on such funds in the Cash Collateral Account. The liens and security interests asserted by Algonquin Power Systems, Inc. shall be deemed contingent until determined by Court Order.

3. To adequately protect Algonquin Power Income Fund, and to the extent it is determined that Algonquin Power Systems, Inc. holds a valid lien or security interest, Algonquin Power Systems, Inc., in connection with the Debtors' use of Cash Collateral and any other property upon which the Debtors previously granted Algonquin Power Income Fund security interests and liens, or in which Algonquin Power Systems, Inc. is determined to have such an interest, the Debtors hereby grant, assign and pledge to Algonquin Power Income Fund and Algonquin Power Systems, Inc. a post-petition replacement security interest and lien (of the same validity, extent and priority as Algonquin Power Income Fund's and Algonquin Power System, Inc.'s respective pre-petition security interests or liens in the Pre-Petition Collateral in and to: (a) the Pre-Petition Collateral; (b) all proceeds from the disposition of any of the Pre-Petition Collateral, including Cash Collateral; (c) any assets or properties of the same type and description as the Pre-Petition Collateral generated or acquired by the Debtors after the Petition Date ((a), (b) and (c) above being referred to herein as

the "Post-Petition Collateral"), and (d) all proceeds of the Post-Petition Collateral. The liens and security interests granted to Algonquin Power Income Fund and contingently to Algonquin Power Systems, Inc. hereunder in the Post-Petition Collateral shall be granted as security for payment of the Pre-Petition Debt and APS Claim, respectively. Subject to the foregoing, the security interests and liens granted hereby shall be valid, perfected and enforceable security interests and liens on the property of the Debtors' estate without further filing or recording of any document or instrument or any other actions.

4. Algonquin Power Systems, Inc., as a fiduciary, use its best efforts to shall maintain insurance presently in place on the Pre-Petition Collateral and Post-Petition Collateral in the same amount, and of the kind, required in the Credit Documents and previously maintained by them prepetition, with Algonquin Power Income Fund reflected on such insurance policy/policies as additional insured or loss payee. Algonquin Power Systems, Inc., as a fiduciary, shall also properly preserve and maintain the Pre-Petition Collateral and Post-Petition Collateral in the ordinary course of its business.

5. Concurrently with any filing by the Debtors with the Court or service by the Debtors upon other parties, the Debtors shall provide to Algonquin Power Income Fund, by service on its counsel of record in the case, copies of any monthly reports, status reports, or financial information of any kind or nature, so filed or served, as well as copies of any motions, pleadings and other requests or objections filed by the Debtors.

6. Nothing herein shall be deemed to be a waiver by Algonquin Power Income Fund or Algonquin Power Systems, Inc. of their right to request additional or further adequate protection of their interests in property of the Debtors' estates (including the right to request periodic cash

payments to protect them against the depreciation, or other diminution in value, of their collateral), to move for relief from the automatic stay, or to request any other relief in this case, nor shall any provision herein be deemed to constitute a waiver of the Debtors' rights to oppose such additional or further protection or relief on any basis.

7. If any or all of the provisions of this Order are hereafter modified, vacated or stayed by subsequent order of this Court or any other court, such stay, modification or vacation shall not affect the validity or enforceability of any security interests, lien or priority authorized or created hereby prior to the effective date of such modification, stay, vacation or final order. The validity and enforceability of all security interests, liens and priorities authorized or created hereby shall survive the conversion of any case to a case under Chapter 7 of the Bankruptcy Code and the dismissal of this case, if any. The provisions of this Order shall be binding upon and inure to the benefit of Algonquin Power Income Fund, Algonquin Power Systems, Inc., the Debtors, and their respective successors and assigns. This Order shall bind any trustee hereafter appointed for the estates of the Debtors, whether in the Chapter 11 case or in the event of conversion of any Chapter 11 case to a liquidation under Chapter 7 of the Bankruptcy Code. Nothing herein shall be deemed to impair or restrict Debtors' ability to formulate and propose a Plan of Reorganization. Debtors fully reserve the right to contest the validity, perfection and enforceability of the secured claim of Algonquin Power Income Fund and Algonquin Power Systems, Inc.

8. The requirements of the Bankruptcy Rules, including without limitation Bankruptcy Rule 4001(d), have been satisfied for the Debtors' use of Cash Collateral and for the grant of adequate protection to Algonquin Power Income Fund and Algonquin Power Systems, Inc. on the interim, limited basis set forth in this Order.

9. The terms, conditions and limitations of this Order are reasonably tailored to protect the interests of all creditors.

10. This Order authorizing the use of Cash Collateral expires by its terms at 5:00 p.m. on February 28, 2002, after which time the Debtors may make no further use of Cash Collateral absent express written consent by Algonquin Power Income Fund or further order of this Court.

11. Algonquin Power Income Fund is hereby ordered to turnover to Algonquin Power Systems, Inc., as a fiduciary on behalf of the Debtors, on an immediate basis by wire transfer, all funds held or received by **Algonquin Power Income Fund post-petition**, including all funds coming under its control as of or after the August 27, 2001 Petition Date, that constitute Property of the Estates within the purview of 11 U.S.C. Section 541. Such funds shall be used by Debtors in accordance with this Order, with all disbursements from such account being made by Algonquin Power Systems, Inc., as a fiduciary.

12. Pursuant to Federal Rule of Bankruptcy Procedure 4001(d), counsel for the Debtors shall serve upon Algonquin Power Income Fund, the United States Bankruptcy Administrator, and Debtors' twenty (20) largest unsecured creditors a copy of this Order. The Debtors' counsel shall file a certificate of such service with respect thereto.

Dated: DEC 13 2001



A. Thomas Small
United States Bankruptcy Judge

**2002 Operating Budget - Taylor Power
Siler Consolidated**

Project

Jan Feb

Total

Plant Costs

Insurance (estimated based on prior year)	0	76,700	76,700
Real Estate Taxes	44,907	44,807	89,714
Lease Payment-Cashbury Lake	5,000	0	5,000
Bond Payments-Opdeasburg	0	0	0
Royalty Payment - Opdeasburg	0	0	0
City of Opdeasburg loan	0	0	0
FERC Annual Fees	0	0	0
Hydro Income Tax	8,900	8,800	17,700
Preventative Maintenance	3,100	3,100	6,200
Consumables	4,050	4,050	8,100
Utilities	32,370	32,370	64,740
Contingency Repairs	68,327	168,027	236,354
Total Operating Costs	23,500	23,500	47,000

Salaries (Operators/Supervisors/Maintenance)

Administrative Costs	12,500	12,500	25,000
Management Fee	0	0	0
Miscor Cost (Paid by AP3)	12,500	12,500	25,000
Net Management Fee	3,800	3,800	7,600
Bookkeeping/Accounting/Payroll	2,300	2,300	4,600
Safety/OT/Occupational Training	1,500	1,500	3,000
Environmental Monitoring / Compliance/ Reporting	488	488	976
Trade Memberships	1,390	1,390	2,780
Telephone/Postage/Communications/ Office Supplies	1,500	1,500	3,000
Travel/Meals/Vehicle Costs	0	0	0
Audit Costs	0	0	0
General Accounting Costs	0	0	0
Legal Expenses	0	0	0
Contingency Legal Costs	0	0	0
Trustee Fee	0	0	0
Total Administrative Expenses	23,278	23,278	46,556

Owner Supervision	1,000	1,000	2,000
Original Tailgate Supervisor (Miscor)	6,500	6,500	13,000
Additional Owner Supervision (Miscor)	7,500	7,500	15,000
Total Owner Supervision	150,603	222,303	372,906

2002 Operating Budget - Trailblazer Power
Sken Adams

Project

Jan Feb

Total

Plant Costs

Insurance (estimated based on prior year)		6,000	6,000
Real Estate Taxes	880	880	1,760
Lease Payment-Cranberry Lake		0	0
Bond Payments-Ogdenburg		0	0
Royalty Payment		0	0
City of Ogdenburg loan		0	0
FERC Annual Fees		0	0
Hydro Income Tax	200	200	400
Preventative Maintenance	100	100	200
Consumables	300	300	600
Utilities	1,191	1,191	2,382
Contingency Repairs	2,681	6,681	41,362
Total Operating Costs			1,000

Salaries (Operator/Supervisor/Maintenance)

800 800

Administrative Costs

Management Fee		0	0
Market Cost		0	0
Net Management Fee		0	0
Bookkeeping/Accounting/Payroll		0	0
Safety/OTO/Operations Training		0	0
Environmental Monitoring / Compliance/ Reporting		0	0
Trade Memberships		0	0
Telephone/Postage/Communications/ Office Supplies		0	0
Travel/Mileage/Vehicle Costs		0	0
Audit Costs		0	0
General Accounting Costs		0	0
Legal Expenses		0	0
Contingency Legal Costs		0	0
Trailer Fee		0	0
Total Administrative Expenses	0	0	0

Owner Supervision

Original Trailblazer Supervision (Marcel)		0	0
Additional Owner Supervision (Marcel)	0	0	0
Total Owner Supervision	0	0	0

Total Expenses

3,481	9,481	12,962
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2002 Operating Budget - Trefalgar Power
Siler, Christine

Project	Jan	Feb	Total
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Plant Costs

Insurance (estimated based on prior year)			8,700
Road Estate Taxes	1,742	1,742	3,483
Lease Payment-Cashbury Lake			0
Bond Payments-Ogdenburg			0
Roadway Payment			0
City of Ogdenburg loan			0
FERC Annual Fees			0
Hydro Income Tax	2,000	2,000	4,000
Preventative Maintenance	400	400	800
Conservation	300	300	600
Utilities	2,637	2,637	5,275
Confingency Reserve	7,078	15,778	22,858
Total Operating Costs	1,300	1,300	2,600

Salaries (Operational Supervisors/Maintenance)

Administrative Costs			0
Management Fee			0

Net Management Fee			0
Bookkeeping/Accounting/Payroll			0
Software/OT/O&M/Operations Training			0
Environmental Monitoring / Compliance/ Reporting			0
Trade Memberships			0
Telephone/Postage/Communications/ Offices Supplies			0
Travel/Meals/Vehicle Costs			0
Audit Costs			0
General/Accounting Costs			0
Legal Expenses			0
Contingency Legal Costs			0
Tuition Fee	0	0	0
Total Administrative Expenses			0

Owner Supervision			0
Original Translator Supervision (Marion)	0	0	0
Additional Owner Supervision (Marion)	0	0	0
Total Owner Supervision	0	0	0
Total Expenses	8,379	17,078	25,458

2002 Operating Budget - Tinsular Power
Site: Cranberry

Project

Jan Feb

Total

Plant Costs

Insurance (estimated based on prior year)			3,700
Real Estate Taxes	3,445	3,445	6,889
Lease Payment-Cranberry Lake	5,000		5,000
Bond Payments-Ogdensburg			0
Royalty Payment			0
City of Ogdensburg loan			0
FERC Annual Fees			0
Hydro Income Tax	500	500	1,000
Preventative Maintenance	300	300	600
Consumables	300	300	600
Utilities	5,280	5,280	10,559
Contingency/Repairs	14,824	13,524	28,348
Total Operating Costs	14,800	1,600	3,200

Salaries (Operators/Supervisors/Maintenance)

Administrative Costs

Management Fee			0
Mercer Coal			0
Nat'l Management Fee			0
Bookkeeping/Accounting/Feyrol			0
Safety/LOTO/Operations Training			0
Environmental Monitoring / Compliance/ Reporting			0
Trade Memberships			0
Telephone/Postage/Communications/ Office Supplies			0
Travel/Alcohol/Vehicle Costs			0
Audit Costs			0
General Accounting Costs			0
Legal Expenses			0
Contingency Legal Costs			0
Trustee Fee	0	0	0
Total Administrative Expenses			0

Owner Supervision

Original Trailgar Supervision (Mercer)			0
Additional Owner Supervision (Mercer)	0	0	0
Total Owner Supervision			0

Total Expenses

18,424	15,124	
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31,548

2002 Operating Budget - Trailblazer Power
Site: Fortschritt

Project	Jan	Feb	Total
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Plant Costs

Insurance (estimated based on prior year)		22,000	22,000
Real Estate Taxes	22,617	22,617	45,233
Lease Payment-Cranberry Lake			0
Bond Payment-Ogdensburg			0
Royalty Payment			0
City of Ogdensburg loan			0
FERC Annual Fees			0
Hydro license Tax	2,000	2,000	4,000
Preventative Maintenance	400	400	800
Consumables	1,000	1,000	2,000
Utilities	2,954	2,954	5,929
Contingency/Repairs	28,981	50,981	79,962
Total Operating Costs	3,300	3,300	8,600

Salaries (Operator/Supervisor/Maintenance)

Administrative Costs	0	0	0
Management Fee			0

Miscellaneous Costs

Net Management Fee	0	0	0
Bookkeeping/Accounting/Payroll	0	0	0
Safety/LOTO/Operations Training	0	0	0
Environmental Monitoring / Compliance/ Reporting	0	0	0
Trade Meetings	0	0	0
Telephone/Postage/Communications/ Office Supplies	0	0	0
Travel/Meals/Vehicle Costs	0	0	0
Audit Costs	0	0	0
General Accounting Costs	0	0	0
Legal Expenses	0	0	0
Contingency Legal Costs	0	0	0
Tuition Fee	0	0	0
Total Administrative Expenses	0	0	0

Owner Supervision
Original Trailblazer Supervision (Mercer)
Additional Owner Supervision (Mercer)
Total Owner Supervision

0	0	0
0	0	0
32,281	54,281	86,562

**2002 Operating Budget - Tristep Power
Site: Bertmar**

Project: Jan Feb Total

Plant Costs

Insurance (estimated based on prior year)			15,000
Road Estate Taxes	4,358	4,356	8,712
Lease Payment-Cranberry Lake			0
Bond Payments-Opansburg			0
Royalty Payment			0
City of Ogdenburg loan			0
FERC Annual Fees			0
Hydro license Tax	100	100	200
Preventative Maintenance	800	800	1,200
Consumables	450	450	900
Utilities	17,158	17,158	34,316
Contingency Reserve	22,684	37,884	60,568
Total Operating Costs	5,180	5,108	10,200

Salaries (Operators/Supervisors/Maintenance)

Administrative Costs			0
Management Fee			0

Mercer Cost

Real Management Fee			0
Bookkeeping/Accounting/Payroll			0
Safety/LD/O Operations Training			0
Environmental Monitoring / Compliance/ Reporting			0
Trade Memberships			0
Telephone/Facsimile/Communications/ Office Supplies			0
Travel/Meals/Vehicle Costs			0
Audit Costs			0
General Accounting Costs			0
Legal Expenses			0
Contingency Legal Costs			0
Trustee Fee			0
Total Administrative Expenses	0	0	0

Owner Supervision

Original Tristep Supervision (Mercer)			0
Additional Owner Supervision (Mercer)	0	0	0
Total Owner Supervision	0	0	0

Total Expenses	27,764	42,784	70,527
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2003 Operating Budget - Trufolgar River
Site Keyala

Project

Jan

Feb

Total

Plant Costs

Insurance (estimated based on prior year)			3,800
Real Estate Taxes	4,899	4,899	9,798
Lease Payment-Cranberry Lake			0
Bond Payments-Ogdenburg			0
Royalty Payment			0
City of Ogdenburg loan			0
FERC Annual Fees			0
Hydra Income Tax	2,000	2,000	4,000
Preventive Maintenance	100	100	200
Consumables	200	200	400
Utilities	1,267	1,267	2,533
Contingency/Repairs	0,265	12,066	20,332
Total Operating Costs	300	300	600
Salaries (Operators/Supervisors/Maintenance)			

Administrative Costs

Management Fee			0
Mercer Cost			0
Net Management Fee			0
Bookkeeping/Accounting/Payroll			0
Safety/OT/O Operations Training			0
Environmental Monitoring / Compliance/ Reporting			0
Trade Membership			0
Telephone/Postage/Communications/ Office Supplies			0
Travel/Meals/Vehicle Costs			0
Audit Costs			0
General Accounting Costs			0
Legal Expenses			0
Contingency Legal Costs			0
Trustee Fee			0
Total Administrative Expenses	0	0	0
Owner Supervision			0
Original Trufolgar Supervision (Mercer)			0
Additional Owner Supervision (Mercer)	0	0	0
Total Owner Supervision	0	0	0
Total Expenses	6,566	12,166	20,732

**2002 Operating Budget - Trailgar Power
Site: Ogdenburg**

Project	Jan	Feb	Total
Plant Costs			
Insurance (estimated based on prior year)		17,500	17,500
Road Estate Taxes	7,158	7,158	14,316
Lease Payment-Cranberry Lake	0	0	0
Bond Payments-Ogdenburg	0	0	0
Royalty Payment	0	0	0
City of Ogdenburg Loan	0	0	0
FERC Annual Fees	0	0	0
Hydro Income Tax	100	100	200
Preventative Maintenance	1,200	1,200	2,400
Consumables	1,500	1,500	3,000
Utilities	1,874	1,874	3,747
Coalagency/Royalty	11,833	28,313	40,146
Total Operating Costs	4,400	4,400	8,800
Salaries (Operators/Supervisors/Maintenance)			
Administrative Costs			0
Management Fee			0
Meritor Cost			0
Net Management Fee			0
Bookkeeping/Accounting/Payroll			0
Safety/OTC/Operators Training			0
Environmental Monitoring / Compliance / Reporting			0
Trade Membership			0
Telephone/Fax/Postage/Communications/ Offices Supplies			0
Travel/Meals/Vehicle Costs			0
Audit Costs			0
General Accounting Costs			0
Legal Expenses			0
Contingency Legal Costs			0
Tuition Fee			0
Total Administrative Expenses	0	0	0
Owner Supervision			
Original Trailgar Supervision (Marcel)			0
Additional Owner Supervision (Marcel)	0	0	0
Total Owner Supervision	0	0	0
Total Expenses	10,233	33,713	43,946

2001 Operating Budget - Traflet Power
Site: Central

Project

Jan Feb Total

Plant Costs

Insurance (estimated based on prior year)			0
Road Estate Taxes			0
Lease Payment-Cranberry Lake			0
Bond Payment-Ogdenburg			0
Royalty Payment			0
City of Ogdenburg loan			0
FERC Annual Fees			0
Hydro factors Tax			0
Preventative Maintenance			0
Consumables			0
Utilities			0
Confingency Repairs	0	0	0
Total Operating Costs	6,700	6,700	13,400

Salaries (Operators/Supervisors/Maintenance)

Administrative Costs

Management Fee	12,500	12,500	25,000
Mercer Cost	12,500	12,500	25,000
Net Management Fee	3,600	3,600	7,200
Bookkeeping/Accounting Payroll	2,300	2,300	4,600
Safety/LTD/Operations Training	1,500	1,500	3,000
Environmental Monitoring / Compliance/ Reporting	488	488	972
Trade Memberships	1,390	1,390	2,780
Telephone/Fax/Postage/Communications/ Offices Supplies	1,500	1,500	3,000
Travel/Mileage/Vehicle Costs			0
Audit Costs			0
General Accounting Costs			0
Legal Expenses			0
Contingency Legal Costs			0
Trustee Fee			0
Total Administrative Expenses	23,276	23,276	46,552

Owner Supervision

Original Trafletar Supervision (Mercer)	1,000	1,000	2,000
Additional Owner Supervision (Mercer)	6,500	6,500	13,000
Total Owner Supervision	7,500	7,500	15,000

Total Expenses

	37,476	37,476	74,952
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